

HOUSE BILL No. 1029

DIGEST OF INTRODUCED BILL

Citations Affected: IC 20-18-2-23; IC 20-26; IC 20-33-5; IC 20-40; IC 20-41; IC 20-42-3-10; IC 20-43.

Synopsis: State funded textbooks. Provides textbooks to students in public schools at no charge to the student's family. Repeals the public school textbook rental program and the public school textbook library program. Repeals the program that provides state reimbursement for textbook assistance to certain public and private school students. Redefines "textbook" to include the various kinds of instructional materials that are currently eligible for state reimbursement under the textbook assistance program. Requires each school corporation to establish a textbook fund and to appropriate money from the fund to purchase and distribute textbooks. Provides an annual state textbook grant to school corporations of \$95 multiplied by the average daily membership of the school corporation for deposit in the textbook fund. Makes conforming changes, and adds transitional provisions.

Effective: July 1, 2007.

Hoy

January 8, 2007, read first time and referred to Committee on Education.

C
o
p
y



First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1029

A BILL FOR AN ACT to amend the Indiana Code concerning education finance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 20-18-2-23, AS ADDED BY P.L.1-2005,
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2007]: Sec. 23. "Textbook" ~~means~~ **includes the following:**

4 (1) Systematically organized material designed to provide a
5 specific level of instruction in a subject matter category.

6 (2) **Developmentally appropriate material used instead of**
7 **material described in subdivision (1) for instruction in:**

8 (A) kindergarten through grade 3;

9 (B) laboratories;

10 (C) literature programs;

11 (D) special education; or

12 (E) gifted and talented classes.

13 SECTION 2. IC 20-26-5-4, AS AMENDED BY P.L.168-2006,
14 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
15 JULY 1, 2007]: Sec. 4. In carrying out the school purposes of a school
16 corporation, the governing body acting on the school corporation's
17 behalf has the following specific powers:



C
o
p
y

(1) In the name of the school corporation, to sue and be sued and to enter into contracts in matters permitted by applicable law.

(2) To take charge of, manage, and conduct the educational affairs of the school corporation and to establish, locate, and provide the necessary schools, school libraries, other libraries where permitted by law, other buildings, facilities, property, and equipment.

(3) To appropriate from the school corporation's general fund an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil, not to exceed twelve thousand five hundred dollars (\$12,500), based on the school corporation's previous year's ADM, to promote the best interests of the school corporation through:

(A) the purchase of meals, decorations, memorabilia, or awards;

(B) provision for expenses incurred in interviewing job applicants; or

(C) developing relations with other governmental units.

(4) To:

(A) Acquire, construct, erect, maintain, hold, and contract for construction, erection, or maintenance of real estate, real estate improvements, or an interest in real estate or real estate improvements, as the governing body considers necessary for school purposes, including buildings, parts of buildings, additions to buildings, rooms, gymnasiums, auditoriums, playgrounds, playing and athletic fields, facilities for physical training, buildings for administrative, office, warehouse, repair activities, or housing school owned buses, landscaping, walks, drives, parking areas, roadways, easements and facilities for power, sewer, water, roadway, access, storm and surface water, drinking water, gas, electricity, other utilities and similar purposes, by purchase, either outright for cash (or under conditional sales or purchase money contracts providing for a retention of a security interest by the seller until payment is made or by notes where the contract, security retention, or note is permitted by applicable law), by exchange, by gift, by devise, by eminent domain, by lease with or without option to purchase, or by lease under IC 20-47-2, IC 20-47-3, or IC 20-47-5.

(B) Repair, remodel, remove, or demolish, or to contract for the repair, remodeling, removal, or demolition of the real estate, real estate improvements, or interest in the real estate

C
o
p
y



or real estate improvements, as the governing body considers necessary for school purposes.

(C) Provide for conservation measures through utility efficiency programs or under a guaranteed savings contract as described in IC 36-1-12.5.

(5) To acquire personal property or an interest in personal property as the governing body considers necessary for school purposes, including buses, motor vehicles, equipment, apparatus, appliances, books, furniture, and supplies, either by cash purchase or under conditional sales or purchase money contracts providing for a security interest by the seller until payment is made or by notes where the contract, security, retention, or note is permitted by applicable law, by gift, by devise, by loan, or by lease with or without option to purchase and to repair, remodel, remove, relocate, and demolish the personal property. All purchases and contracts specified under the powers authorized under subdivision (4) and this subdivision are subject solely to applicable law relating to purchases and contracting by municipal corporations in general and to the supervisory control of state agencies as provided in section 6 of this chapter.

(6) To sell or exchange real or personal property or interest in real or personal property that, in the opinion of the governing body, is not necessary for school purposes, in accordance with IC 20-26-7, to demolish or otherwise dispose of the property if, in the opinion of the governing body, the property is not necessary for school purposes and is worthless, and to pay the expenses for the demolition or disposition.

(7) To lease any school property for a rental that the governing body considers reasonable or to permit the free use of school property for:

(A) civic or public purposes; or

(B) the operation of a school age child care program for children who are at least five (5) years of age and less than fifteen (15) years of age that operates before or after the school day, or both, and during periods when school is not in session; if the property is not needed for school purposes. Under this subdivision, the governing body may enter into a long term lease with a nonprofit corporation, community service organization, or other governmental entity, if the corporation, organization, or other governmental entity will use the property to be leased for civic or public purposes or for a school age child care program. However, if payment for the property subject to a long term lease

**C
o
p
y**



is made from money in the school corporation's debt service fund, all proceeds from the long term lease must be deposited in the school corporation's debt service fund so long as payment for the property has not been made. The governing body may, at the governing body's option, use the procedure specified in IC 36-1-11-10 in leasing property under this subdivision.

(8) To:

(A) Employ, contract for, and discharge superintendents, supervisors, principals, teachers, librarians, athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-28-5), business managers, superintendents of buildings and grounds, janitors, engineers, architects, physicians, dentists, nurses, accountants, teacher aides performing noninstructional duties, educational and other professional consultants, data processing and computer service for school purposes, including the making of schedules, the keeping and analyzing of grades and other student data, the keeping and preparing of warrants, payroll, and similar data where approved by the state board of accounts as provided below, and other personnel or services as the governing body considers necessary for school purposes.

(B) Fix and pay the salaries and compensation of persons and services described in this subdivision.

(C) Classify persons or services described in this subdivision and to adopt schedules of salaries or compensation.

(D) Determine the number of the persons or the amount of the services employed or contracted for as provided in this subdivision.

(E) Determine the nature and extent of the duties of the persons described in this subdivision.

The compensation, terms of employment, and discharge of teachers are, however, subject to and governed by the laws relating to employment, contracting, compensation, and discharge of teachers. The compensation, terms of employment, and discharge of bus drivers are subject to and governed by laws relating to employment, contracting, compensation, and discharge of bus drivers. The forms and procedures relating to the use of computer and data processing equipment in handling the financial affairs of the school corporation must be submitted to the state board of accounts for approval so that the services are used by the school corporation when the governing body determines that it is

**C
o
p
y**



in the best interest of the school corporation while at the same time providing reasonable accountability for the funds expended. (9) Notwithstanding the appropriation limitation in subdivision (3), when the governing body by resolution considers a trip by an employee of the school corporation or by a member of the governing body to be in the interest of the school corporation, including attending meetings, conferences, or examining equipment, buildings, and installation in other areas, to permit the employee to be absent in connection with the trip without any loss in pay and to reimburse the employee or the member the employee's or member's reasonable lodging and meal expenses and necessary transportation expenses. To pay teaching personnel for time spent in sponsoring and working with school related trips or activities.

(10) To transport children to and from school, when in the opinion of the governing body the transportation is necessary, including considerations for the safety of the children and without regard to the distance the children live from the school. The transportation must be otherwise in accordance with applicable law.

(11) To provide a lunch program for a part or all of the students attending the schools of the school corporation, including the establishment of kitchens, kitchen facilities, kitchen equipment, lunch rooms, the hiring of the necessary personnel to operate the lunch program, and the purchase of material and supplies for the lunch program, charging students for the operational costs of the lunch program, fixing the price per meal or per food item. To operate the lunch program as an extracurricular activity, subject to the supervision of the governing body. To participate in a surplus commodity or lunch aid program.

(12) To purchase textbooks ~~to and~~ furnish textbooks without cost ~~or to rent textbooks~~ to students ~~to participate in a textbook aid program, at~~ in accordance with applicable law. **A school corporation may not conduct a textbook rental program for students enrolled in the school corporation.**

(13) To accept students transferred from other school corporations and to transfer students to other school corporations in accordance with applicable law.

(14) To make budgets, to appropriate funds, and to disburse the money of the school corporation in accordance with applicable law. To borrow money against current tax collections and otherwise to borrow money, in accordance with IC 20-48-1.

C
o
p
y



(15) To purchase insurance or to establish and maintain a program of self-insurance relating to the liability of the school corporation or the school corporation's employees in connection with motor vehicles or property and for additional coverage to the extent permitted and in accordance with IC 34-13-3-20. To purchase additional insurance or to establish and maintain a program of self-insurance protecting the school corporation and members of the governing body, employees, contractors, or agents of the school corporation from liability, risk, accident, or loss related to school property, school contract, school or school related activity, including the purchase of insurance or the establishment and maintenance of a self-insurance program protecting persons described in this subdivision against false imprisonment, false arrest, libel, or slander for acts committed in the course of the persons' employment, protecting the school corporation for fire and extended coverage and other casualty risks to the extent of replacement cost, loss of use, and other insurable risks relating to property owned, leased, or held by the school corporation. To:

(A) participate in a state employee health plan under IC 5-10-8-6.6;

(B) purchase insurance; or

(C) establish and maintain a program of self-insurance; to benefit school corporation employees, including accident, sickness, health, or dental coverage, provided that a plan of self-insurance must include an aggregate stop-loss provision.

(16) To make all applications, to enter into all contracts, and to sign all documents necessary for the receipt of aid, money, or property from the state, the federal government, or from any other source.

(17) To defend a member of the governing body or any employee of the school corporation in any suit arising out of the performance of the member's or employee's duties for or employment with, the school corporation, if the governing body by resolution determined that the action was taken in good faith. To save any member or employee harmless from any liability, cost, or damage in connection with the performance, including the payment of legal fees, except where the liability, cost, or damage is predicated on or arises out of the bad faith of the member or employee, or is a claim or judgment based on the member's or employee's malfeasance in office or employment.

(18) To prepare, make, enforce, amend, or repeal rules,

C
o
p
y



regulations, and procedures:

(A) for the government and management of the schools, property, facilities, and activities of the school corporation, the school corporation's agents, employees, and pupils and for the operation of the governing body; and

(B) that may be designated by an appropriate title such as "policy handbook", "bylaws", or "rules and regulations".

(19) To ratify and approve any action taken by a member of the governing body, an officer of the governing body, or an employee of the school corporation after the action is taken, if the action could have been approved in advance, and in connection with the action to pay the expense or compensation permitted under IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12, and IC 20-48-1 or any other law.

(20) To exercise any other power and make any expenditure in carrying out the governing body's general powers and purposes provided in this chapter or in carrying out the powers delineated in this section which is reasonable from a business or educational standpoint in carrying out school purposes of the school corporation, including the acquisition of property or the employment or contracting for services, even though the power or expenditure is not specifically set out in this chapter. The specific powers set out in this section do not limit the general grant of powers provided in this chapter except where a limitation is set out in IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12, and IC 20-48-1 by specific language or by reference to other law.

SECTION 3. IC 20-26-12-1, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) Except as provided in ~~subsections (b) and (c)~~ **subsection (b)** and notwithstanding any other law, each governing body shall purchase from a contracting publisher, at a price equal to or less than the net contract price, the textbooks adopted by the state board and selected by the proper local officials ~~and shall rent these textbooks to each student enrolled in a public school that is:~~

(1) ~~in compliance with the minimum certification standards of the board;~~ and

(2) ~~located within the attendance unit served by the governing body.~~

to carry out this chapter.

(b) This section does not prohibit the purchase of textbooks at the option of a student. ~~or the providing of free textbooks by the governing body under sections 6 through 21 of this chapter.~~

C
o
p
y



(c) This section does not prohibit a governing body from suspending the operation of this section under a contract entered into under IC 20-26-15.

SECTION 4. IC 20-26-12-2, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) A governing body may purchase from a contracting publisher, at a price equal to or less than the net contract price, any textbook adopted by the state board and selected by the proper local officials. The governing body may ~~rent~~ **sell** these textbooks to students enrolled in any public or nonpublic school that is:

(1) in compliance with the minimum certification standards of the state board; and

(2) located within the attendance unit served by the governing body.

The annual rental rate may not exceed twenty-five percent (25%) of the retail price of the textbooks.

(b) Notwithstanding subsection (a), the governing body may not assess a rental fee of more than fifteen percent (15%) of the retail price of a textbook that has been:

(1) adopted for usage by students under IC 20-20-5;

(2) extended for usage by students under IC 20-20-5-2; and

(3) paid for through rental fees previously collected.

(b) If a governing body sells textbooks to students who wish to purchase textbooks, the sale price of a textbook may not exceed the price stipulated in the contracts under which the book is purchased by the school corporation. Money from sales to students must be paid into the textbook fund.

(c) This section does not limit other laws.

SECTION 5. IC 20-26-12-22, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 22. If a school corporation purchases textbooks on a time basis:

(1) the schedule for payments shall coincide with ~~student payments the distribution under IC 20-43-10-3~~ to the school corporation for ~~textbook rental; textbooks;~~ and

(2) the schedule must not require the school corporation to assume a greater burden than payment of twenty-five percent (25%) within thirty (30) days after the beginning of the school year immediately following delivery by the contracting publisher with the school corporation's promissory note evidencing the unpaid balance.

SECTION 6. IC 20-26-12-23, AS ADDED BY P.L.1-2005,

C
o
p
y



SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 23. (a) A school corporation may:

- (1) borrow money to buy textbooks; and
- (2) issue notes, maturing serially in not more than six (6) years and payable from its ~~general~~ **textbook** fund, to secure the loan.

However, when an adoption is made by the state board for less than six (6) years, the period for which the notes may be issued is limited to the period for which that adoption is effective.

(b) Notwithstanding subsection (a), a school township may not borrow money to purchase textbooks unless a petition requesting such an action and bearing the signatures of twenty-five percent (25%) of the resident taxpayers of the school township has been presented to and approved by the township trustee and township board.

SECTION 7. IC 20-26-12-26, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 26. If a family **that purchased textbooks from a school corporation during the school term** moves during the school term from one (1) school corporation to another within the state, the corporation from which they move shall:

- (1) evaluate the affected children's textbooks; and
- (2) offer to purchase the textbooks at a reasonable price for resale to any family that moves into that corporation during a school term.

SECTION 8. IC 20-26-12-29 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 29. (a) **The governing body of each school corporation shall do the following:**

- (1) **Purchase and maintain a sufficient number of textbooks to meet the needs of each student.**
- (2) **Appropriate from the textbook fund established under IC 20-40-16 the money necessary to purchase textbooks.**
- (3) **Loan free of charge to each student all textbooks prescribed for the student's grade or classes.**
- (4) **Prescribe guidelines for the following:**
 - (A) **The availability of textbooks to students.**
 - (B) **The care and custody of textbooks by students.**
 - (C) **The return of textbooks by students.**
- (5) **Provide facilities for the safekeeping of textbooks.**
- (6) **Fumigate or destroy textbooks at the times and under regulations prescribed by local and state health authorities or determined by the governing body.**

(b) **A school corporation may not conduct a textbook rental**

C
o
p
y



program for a school year that begins after June 30, 2007.

SECTION 9. IC 20-26-12-30 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 30. An emancipated minor or the parent of a student who is loaned a textbook under this chapter is financially responsible for the following according to the guidelines adopted by the school corporation under this chapter:**

(1) Wear, except for reasonable wear, on a textbook.

(2) Loss, mutilation, or defacement of a textbook.

(3) Failure to return a textbook to the school corporation upon request.

(4) Other matters concerning the use and care of textbooks.

SECTION 10. IC 20-26-12-31 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 31. (a) If a student is transferred to a school corporation other than the school corporation in which the student is a resident under IC 20-26-11, the governing body of the school corporation to which the student is transferred shall provide textbooks to the transferred student.**

(b) The annual settlement between school corporations for tuition of transferred students must include amounts for furnishing textbooks to transferred students at a rate determined by the state board.

SECTION 11. IC 20-33-5-3, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 3. (a) If a parent of a child or an emancipated minor who is enrolled in a public school, in kindergarten or grades 1 through 12, meets the financial eligibility standard under section 2 of this chapter, the parent or the emancipated minor may not be required to pay the fees for school books, supplies, or other required class fees. The fees shall be paid by the school corporation that the child attends.**

(b) The school corporation may apply for a reimbursement under section 7 of this chapter from the department of the costs incurred under subsection (a).

(c) To the extent the reimbursement received by the school corporation is less than the textbook rental fee assessed for textbooks that have been adopted under IC 20-20-5-1 through IC 20-20-5-4 or waived under IC 20-26-12-28, the school corporation may request that the parent or emancipated minor pay the balance of this amount.

SECTION 12. IC 20-33-5-5, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 5. All school corporations must give notice in**

C
o
p
y



nontechnical language and in a manner that can be reasonably expected to ~~reach~~ **notify** parents of students before the collection of any fees. ~~for schoolbooks and supplies.~~ This notice must inform the parents of the following:

- (1) The availability of assistance.
- (2) The eligibility standards.
- (3) The procedure for obtaining assistance, including the right and method of appeal.
- (4) The availability of application forms at a designated school office.

SECTION 13. IC 20-33-5-9, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) If a parent of a child or an emancipated minor who is enrolled in an accredited nonpublic school meets the financial eligibility standard under section 2 of this chapter, the parent or the emancipated minor may receive a reimbursement from the department as provided in this chapter for the costs or some of the costs incurred by the parent or emancipated minor in fees ~~that are reimbursable under section 7 of this chapter.~~ **for items described in subsection (g).** The extent to which the fees are reimbursable under this section may not exceed the percentage rates of reimbursement under ~~section 7 of this chapter.~~ **subsection (g).** In addition, if a child enrolls in an accredited nonpublic school after the initial request for reimbursement is filed under subsection (d), the parent of the child or the emancipated minor who meets the financial eligibility standard may receive a reimbursement from the department for the costs or some of the costs incurred in fees that are reimbursable under ~~section 7 of this chapter~~ **subsection (g)** by applying to the accredited nonpublic school for assistance. In this case, this section applies. However, section 10 of this chapter applies to the making of the supplemental request for reimbursement by the principal or other designee of the accredited nonpublic school.

(b) The department shall provide each accredited nonpublic school with sufficient application forms for assistance, prescribed by the state board of accounts.

(c) Each accredited nonpublic school shall provide the parents or emancipated minors who wish to apply for assistance with:

- (1) the appropriate application forms; and
- (2) any assistance needed in completing the application form.

(d) The parent or emancipated minor shall submit the application to the accredited nonpublic school. The accredited nonpublic school shall make a determination of financial eligibility subject to appeal by the

C
o
p
y



1 parent or emancipated minor.

2 (e) If a determination is made that the applicant is eligible for
3 assistance, subsection (a) applies.

4 (f) To be guaranteed some level of reimbursement from the
5 department, the principal or other designee shall submit the
6 reimbursement request before November 1 of a school year.

7 (g) In its request, the principal or other designee shall certify to the
8 department:

9 (1) the number of students who are enrolled in the accredited
10 nonpublic school and who are eligible for assistance under this
11 chapter;

12 (2) the costs incurred in providing:

13 (A) textbooks (including textbooks used in special education
14 and high ability classes); and

15 (B) workbooks and consumable textbooks (including
16 workbooks, consumable textbooks, and other consumable
17 teaching materials that are used in special education and high
18 ability classes) that are used by students for not more than one
19 (1) school year;

20 (3) that each textbook described in subdivision (2)(A) and
21 included in the reimbursement request (except those textbooks
22 used in special education classes and high ability classes) has
23 been adopted by the state board under IC 20-20-5-1 through
24 IC 20-20-5-4 or has been waived by the state board of education
25 under IC 20-26-12-28;

26 (4) that the amount of reimbursement requested for each textbook
27 under subdivision (3) does not exceed twenty percent (20%) of
28 the costs incurred for the textbook, as provided in the textbook
29 adoption list in each year of the adoption cycle;

30 (5) that the amount of reimbursement requested for each
31 workbook or consumable textbook (or other consumable teaching
32 material used in special education and high ability classes) under
33 subdivision (2)(B), if applicable, does not exceed one hundred
34 percent (100%) of the costs incurred for the workbook or
35 consumable textbook (or other consumable teaching material used
36 in special education and high ability classes);

37 (6) that the amount of reimbursement requested for each textbook
38 used in special education and high ability classes is amortized for
39 the number of years in which the textbook is used; and

40 (7) any other information required by the department, including
41 copies of purchase orders used to acquire consumable teaching
42 materials used in special education and high ability classes.

C
o
p
y



(h) If the amount of reimbursement requested before November 1 of a particular school year exceeds the amount of money appropriated to the department for this purpose, the department shall proportionately reduce the amount of reimbursement to each accredited nonpublic school. An accredited nonpublic school may submit a supplemental reimbursement request under section 10 of this chapter. The parent or emancipated minor is entitled to receive a supplemental reimbursement only if funds are available. The department shall proportionately reduce the amount of supplemental reimbursement to the accredited nonpublic schools if the amount requested exceeds the amount of money available to the department for this purpose.

(i) The accredited nonpublic school shall distribute the money received under this chapter to the appropriate eligible parents or emancipated minors.

~~(j) Section 7(h) of this chapter applies to parents or emancipated minors as described in this section.~~

(j) An applicant receiving other government assistance or aid that considers educational needs in computing the entire amount of assistance granted may not be denied assistance if the applicant's total family income does not exceed the standards established by this chapter.

(k) The accredited nonpublic school and the department shall maintain complete and accurate information concerning the number of applicants determined to be eligible for assistance under this section.

(l) The state board shall adopt rules under IC 4-22-2 to implement this section.

SECTION 14. IC 20-33-5-10, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) The principal or other designee of an accredited nonpublic school may make a supplemental request for reimbursement from the department after April 1 but before May 1 of a school year for some or all of the additional costs incurred in fees that are reimbursable under ~~section 7~~ **section 9** of this chapter by the parent of a child or emancipated minor who enrolls in the accredited nonpublic school after the initial request for reimbursement is filed under section 9(f) of this chapter.

(b) In its supplemental request, the principal or other designee must certify to the department the following:

(1) The number of additional students who enrolled in the accredited nonpublic school as described in subsection (a).

(2) The costs incurred in providing the materials described in section 9(g)(2) of this chapter pertaining to the number of

C
o
p
y



additional students.

(3) The same information as described in section 9(g)(3) through 9(g)(7) of this chapter as pertaining to the number of additional students.

(c) This section applies only if there are funds available. These supplemental distributions shall be made by the department in accordance with section 9(h) of this chapter.

SECTION 15. IC 20-33-5-14, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) The school textbook reimbursement contingency fund is established to reimburse ~~school corporations~~, eligible parents of children who attend accredited nonpublic schools and emancipated minors who attend accredited nonpublic schools as provided in section 9 of this chapter for assistance provided under this chapter. The fund consists of money appropriated to the fund by the general assembly. The state superintendent shall administer the fund.

(b) The treasurer of state shall invest the money in the school textbook reimbursement contingency fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

SECTION 16. IC 20-40-16 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 16. Textbook Fund

Sec. 1. As used in this chapter, "fund" refers to a textbook fund established under section 2 of this chapter.

Sec. 2. Each school corporation shall establish a textbook fund.

Sec. 3. Money in the fund may be used only for the following purposes:

(1) Paying interest and principal on loans obtained by the school corporation to purchase textbooks.

(2) Implementing IC 20-26-12, including the purchase, storage, distribution, or repair of textbooks.

Sec. 4. A school corporation shall deposit in the fund the following:

(1) Distributions under IC 20-43-10-3.

(2) Receipts from sales of textbooks under IC 20-26-12.

(3) Other revenues designated for the fund.

Sec. 5. Money in the fund at the end of a school year or fiscal year does not revert to the school general fund.

SECTION 17. IC 20-41-1-2, AS ADDED BY P.L.2-2006, SECTION 164, IS AMENDED TO READ AS FOLLOWS

C
o
p
y



[EFFECTIVE JULY 1, 2007]: Sec. 2. Any self-supporting programs maintained by a school corporation, including

(1) school lunch, and

(2) rental or sale of textbooks;

may be established as separate funds, separate and apart from the general fund, if no local tax rate is established for the programs.

SECTION 18. IC 20-41-2-3, AS ADDED BY P.L.2-2006, SECTION 164, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) If a school lunch fund is established under section 1 of this chapter, ~~or a textbook rental fund is established under section 2 of this chapter~~, the receipts and expenditures for ~~each~~ **the school lunch** program shall be made to and from the **proper school lunch** fund without appropriation or the application of other laws relating to the budgets of local governmental units.

(b) If ~~either a school lunch program or both programs under sections 1 and 2 of this chapter are~~ **is** operated through the extracurricular account, the township trustee shall approve the amount of the bond of the treasurer of the extracurricular account in an amount the township trustee considers necessary to protect the account for all funds coming into the hands of the treasurer.

SECTION 19. IC 20-41-2-6, AS ADDED BY P.L.2-2006, SECTION 164, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) If a school lunch fund is established under section 4 of this chapter, ~~and a textbook rental fund is established under section 5 of this chapter~~, the receipts and expenditures from ~~a the~~ **the** fund for the program to which the fund relates ~~shall must~~ be made to and from the fund without appropriation or the application of other statutes and rules relating to the budgets of municipal corporations.

(b) If ~~either the school lunch program or textbook rental program is~~ handled through the extracurricular account, the governing body of the school corporation shall approve the amount of the bond of the treasurer of the extracurricular account in an amount the governing body considers sufficient to protect the account for all funds coming into the hands of the treasurer of the account.

SECTION 20. IC 20-42-3-10, AS ADDED BY P.L.2-2006, SECTION 165, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. The trustee, with the advice and consent of the township board, shall use the account for the following educational purposes:

(1) Each year the trustee shall pay to the parent or legal guardian

C
o
p
y



of any child whose residence is within the township; the initial cost for the rental of textbooks used in any elementary or secondary school that has been accredited by the state. The reimbursement for the rental of textbooks shall be for the initial yearly rental charge only. Textbooks subsequently lost or destroyed may not be paid for from this account.

~~(2)~~ **(1)** Students who are residents of the township for the last two (2) years of their secondary education and who still reside within the township are entitled to receive financial assistance in an amount not to exceed an amount determined by the trustee and the township board during an annual review of higher education fees and tuition costs of post-high school education at any accredited college, university, junior college, or vocational or trade school. Amounts to be paid to each eligible student shall be set annually after this review. The amount paid each year must be:

(A) equitable for every eligible student without regard to race, religion, creed, sex, disability, or national origin; and

(B) based on the number of students and the amount of funds available each year.

~~(3)~~ **(2)** A person who has been a permanent resident of the township continuously for at least two (2) years and who needs educational assistance for job training or retraining may apply to the trustee of the township for financial assistance. The trustee and the township board shall review each application and make assistance available according to the need of each applicant and the availability of funds.

~~(4)~~ **(3)** If all the available funds are not used in any one (1) year, the unused funds shall be retained in the account by the trustee for use in succeeding years.

SECTION 21. IC 20-43-2-3, AS AMENDED BY P.L.162-2006, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) Except as provided in subsection (b), if the total amount to be distributed:

- (1) as basic tuition support;
- (2) for academic honors diploma awards;
- (3) for primetime distributions;
- (4) for special education grants; ~~and~~
- (5) for vocational education grants; **and**
- (6) for textbook grants;**

for a particular year exceeds the maximum state distribution for a calendar year, the amount to be distributed for state tuition support under this article to each school corporation during each of the last six

C
o
p
y



(6) months of the year shall be proportionately reduced so that the total reductions equal the amount of the excess.

(b) The department of education shall distribute the full amount of tuition support to school corporations in the second six (6) months of 2006 in accordance with this article without a reduction under this section.

SECTION 22. IC 20-43-3-4, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) A school corporation's previous year revenue equals the amount determined under STEP TWO of the following formula:

STEP ONE: Determine the sum of the following:

(A) The school corporation's basic tuition support for the year that precedes the current year.

(B) The school corporation's maximum permissible tuition support levy for the calendar year that precedes the current year, made in determining the school corporation's adjusted tuition support levy for the calendar year.

(C) The school corporation's excise tax revenue for the year that precedes the current year by two (2) years.

STEP TWO: Subtract from the STEP ONE result an amount equal to the sum of the following:

(A) The reduction in the school corporation's state tuition support under any combination of subsection (b), subsection (c), IC 20-10.1-2-1 (before its repeal), or IC 20-30-2-4.

(B) In 2006, the amount of the school corporation's maximum permissible tuition support levy attributable to the levy transferred from the school corporation's general fund to the school corporation's referendum tax levy fund under IC 20-46-1-6.

(C) In 2008, for each school corporation that operated an elementary school library or a high school library under IC 20-26-12-6 through IC 20-26-12-21 (as effective on June 30, 2007, before their repeal), the amount of the school corporation's maximum permissible tuition support levy budgeted to provide free textbooks to resident students in 2007.

(b) A school corporation's previous year revenue must be reduced if:

(1) the school corporation's state tuition support for special or vocational education is reduced as a result of a complaint being filed with the department after December 31, 1988, because the

C
o
p
y



1 school program overstated the number of children enrolled in
 2 special or vocational education programs; and
 3 (2) the school corporation's previous year revenue has not been
 4 reduced under this subsection more than one (1) time because of
 5 a given overstatement.

6 The amount of the reduction equals the amount the school corporation
 7 would have received in state tuition support for special and vocational
 8 education because of the overstatement.

9 (c) A school corporation's previous year revenue must be reduced
 10 if an existing elementary or secondary school located in the school
 11 corporation converts to a charter school under IC 20-5.5-11 before July
 12 1, 2005, or IC 20-24-11 after June 30, 2005. The amount of the
 13 reduction equals the product of:

- 14 (1) the sum of the amounts distributed to the conversion charter
 15 school under IC 20-5.5-7-3.5(c) and IC 20-5.5-7-3.5(d) before
 16 July 1, 2005, and IC 20-24-7-3(c) and IC 20-24-7-3(d) after June
 17 30, 2005; multiplied by
 18 (2) two (2).

19 SECTION 23. IC 20-43-10-3 IS ADDED TO THE INDIANA
 20 CODE AS A NEW SECTION TO READ AS FOLLOWS
 21 [EFFECTIVE JULY 1, 2007]: **Sec. 3. (a) A school corporation's**
 22 **textbook grant for a calendar year is the amount equal to the**
 23 **school corporation's ADM for the calendar year multiplied by**
 24 **ninety-five dollars (\$95).**

25 **(b) The distribution received under this section shall be**
 26 **deposited in a school corporation's textbook fund and used only for**
 27 **the purposes specified in IC 20-40-16-3.**

28 SECTION 24. THE FOLLOWING ARE REPEALED [EFFECTIVE
 29 JULY 1, 2007]: IC 20-26-12-6; IC 20-26-12-7; IC 20-26-12-8;
 30 IC 20-26-12-9; IC 20-26-12-10; IC 20-26-12-11; IC 20-26-12-12;
 31 IC 20-26-12-13; IC 20-26-12-14; IC 20-26-12-15; IC 20-26-12-16;
 32 IC 20-26-12-17; IC 20-26-12-18; IC 20-26-12-19; IC 20-26-12-20;
 33 IC 20-26-12-21; IC 20-33-5-7; IC 20-33-5-8; IC 20-40-9-7;
 34 IC 20-41-2-2; IC 20-41-2-5.

35 SECTION 25. [EFFECTIVE JULY 1, 2007] **(a) A school**
 36 **corporation may not conduct a textbook rental program for a**
 37 **school year beginning after June 30, 2007.**

38 **(b) On July 1, 2007, a school corporation shall transfer any**
 39 **unencumbered money in any fund or account used for textbook**
 40 **rental fees to the textbook fund established under IC 20-40-16, as**
 41 **added by this act. The money transferred under this SECTION**
 42 **may be used for any purpose for which other money in the**

C
o
p
y



1 textbook fund may be used.

2 (c) Notwithstanding IC 20-43-10-3, as added by this act, and
3 subject to subsection (d), a school corporation is entitled in 2007 to
4 only fifty percent (50%) of the amount of the textbook grant
5 specified in IC 20-43-10-3, as added by this act, to be distributed in
6 six (6) monthly installments.

7 (d) For 2007, a school corporation that operated an elementary
8 school library or a high school library under IC 20-26-12-6
9 through IC 20-26-12-21 (as effective on June 30, 2007, before their
10 repeal by this act) to provide free textbooks to resident students is
11 not entitled to receive a textbook grant under IC 20-43-10-3, as
12 added by this act.

13 (e) This SECTION expires January 1, 2009.

14 SECTION 26. [EFFECTIVE JULY 1, 2007] (a) The department
15 of local government finance shall reduce the:

16 (1) maximum permissible ad valorem property tax levy
17 imposed by IC 6-1.1-18.5-3; and

18 (2) township assistance levy;

19 of each township to reflect the effect of this act on the obligation of
20 township trustees to pay school fees under IC 20-33-5-12.

21 (b) On July 1, 2007, a township trustee shall distribute a part of
22 any unencumbered money in a textbook rental fund established
23 under IC 20-41-2-5 (before its repeal by this act) to each school
24 corporation whose district includes part of the township. The
25 amount of the distribution to which a school corporation is entitled
26 under this subsection is determined under STEP FOUR of the
27 following formula:

28 STEP ONE: Determine the number of students that have legal
29 settlement under IC 20-26-11 in the geographic area within
30 the intersection of:

31 (A) the school corporation's district; and

32 (B) the township.

33 STEP TWO: Determine the total number of students that
34 have legal settlement under IC 20-26-11 in the township.

35 STEP THREE: Divide the STEP ONE result by the STEP
36 TWO result.

37 STEP FOUR: Multiply the total amount of any
38 unencumbered money in the textbook rental fund established
39 under IC 20-41-2-5 (before its repeal by this act) by the STEP
40 THREE result.

41 A school corporation that receives money distributed under this
42 subsection shall deposit the money in the school corporation's

C
o
p
y



- 1 textbook fund established under IC 20-40-16, as added by this act.
2 The money distributed under this SECTION may be used for any
3 purpose for which other money in the textbook fund may be used.
4 (c) Any loan:
5 (1) obtained to purchase textbooks (as defined in
6 IC 20-18-2-23, as amended by this act); and
7 (2) payable from a school general fund before July 1, 2007;
8 shall be paid from the textbook fund after June 30, 2007.
9 (d) This SECTION expires January 1, 2009.

C
o
p
y

